



DEPARTMENT OF ADMINISTRATIVE SERVICES



STATE OF CONNECTICUT

165 Capitol Avenue
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House Bill 5423
An Act Concerning Oversight of Large Capital Projects
Finance, Revenue and Bonding Committee
March 12, 2012

The Department of Administrative Services ("DAS") and the Department of Construction Services ("DCS") offer the following joint testimony in opposition to **House Bill 5423, An Act Concerning Oversight of Large Capital Projects**.

House Bill 5423 adds several additional steps to the process for engaging in a capital project estimated to cost \$50 million or more that is funded in whole or in part by bond funds:

- (1) The agency responsible for the proposed project would be required to develop a detailed "oversight plan" estimating initial costs, operating costs and potential revenues;
- (2) The agency would have to contract with private entity to perform an independent analysis of the plan and identify alternative investments;
- (3) The agency would then be required to submit its detailed oversight plan, as well as the contractor's analysis to the Finance, Revenue and Bonding Committee, as well as any other legislative committee that has cognizance over the project;
- (4) The Finance Committee, as well as any other committee of cognizance, would be required to hold a public hearing on the plan and analysis within 30 days;
- (5) The committee(s) would have vote on whether to approve or disapprove the project as a whole;
- (6) If the committee(s) approved the project, both houses of the General Assembly would then have to vote on whether to approve or disapprove the project as a whole.
 - If the General Assembly is not in session when the project is presented, it would have to call a special session or hold the vote within 10 days after the start of the regular session.
- (7) After the project is approved by the General Assembly, it would be eligible to go on the Bond Commission agenda, where all of the existing procedures and requirements would still apply.

DAS and DCS are very concerned that this new process would impair the State's ability to engage in needed capital projects in a cost-effective and efficient manner. By

requiring agencies to submit detailed oversight plans and analyses to the legislature for public hearings and debate, HB 5423 mandates the disclosure of confidential data and strategic analysis, including possible site selections, real estate appraisals, engineering or feasibility estimates and other such evaluations. As demonstrated by the fact that such information is exempted under FOIA, this information must remain confidential in order to ensure that the state can negotiate from a position of strength. Holding public hearings and debate on this information undermines the State's bargaining position vis-à-vis contractors, vendors and property owners.

Moreover, by adding extra layers of approval, this process adds additional time to an already-overlong process. More time equals more money, more complications and, potentially, fewer options, since private sector entities may decide the process is too time-consuming and uncertain to make it worth their while to contract with the State.

DAS and DCS respectfully suggest that the stated purpose of this bill, "to establish legislative oversight of capital projects that cost \$50 million or more" has already been achieved through the existing bond allocation and Bond Commission process.

Thank you for your consideration of DAS' and DCS' views regarding HB 5423. We would be happy to meet with the Committee at any time to discuss it further.